BELLSOUTH

BellSouth
Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351

robert.blau@bellsouth.com

Robert T. Blau, Ph.D., CFA
Vice President-Executive and
Federal Regulatory Affairs

202 463-4108
Fax 202 463-4631

February 7, 2003

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket Nos. 01-338 & 02-33

Dear Ms. Dortch:

On February 6, 2003, I sent a presentation electronically to Matthew Brill in order to explain BellSouth's position on the Triennial Review, special access, and problems posed by the increasing use UNE-P.

In accordance with Section 1.1206, I am filing this letter electronically and request that you place it in the record of the proceeding identified above. Thank you.

Sincerely,

Attachment

cc: Matthew Brill

Discussion of Proposed Tests for Conversion of Special Access Circuits to Unbundled Network Elements

BellSouth Telecommunications, Inc.

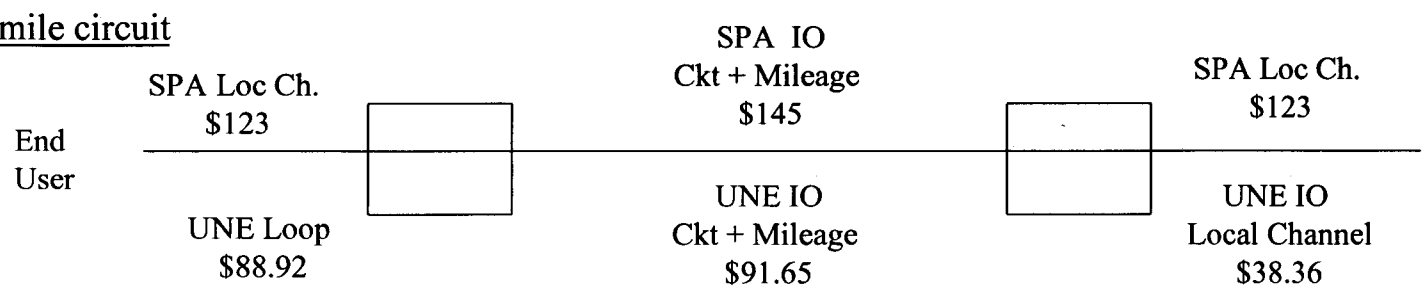
February 3 - 4, 2004

Examples of Economic Impact from Conversion from Special Access to UNE Rates

DS1 - Typical Circuits

SPA Rates

10 mile circuit

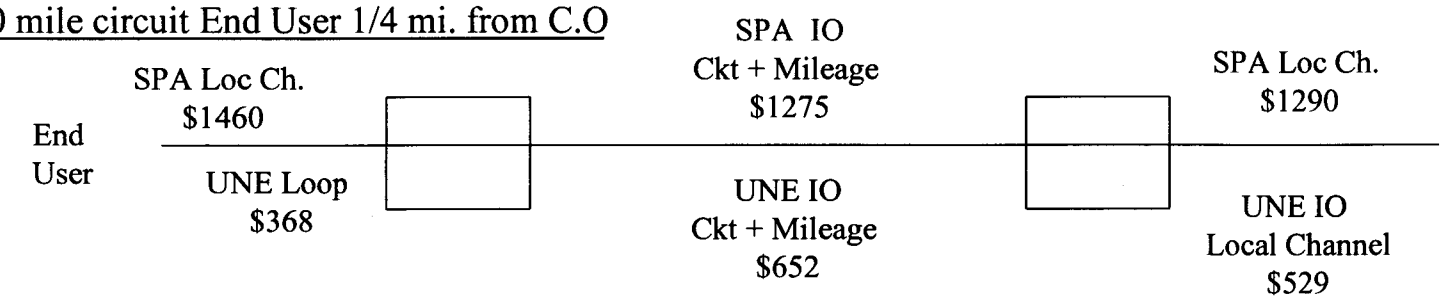


UNE Rates

DS3 - Typical Circuits

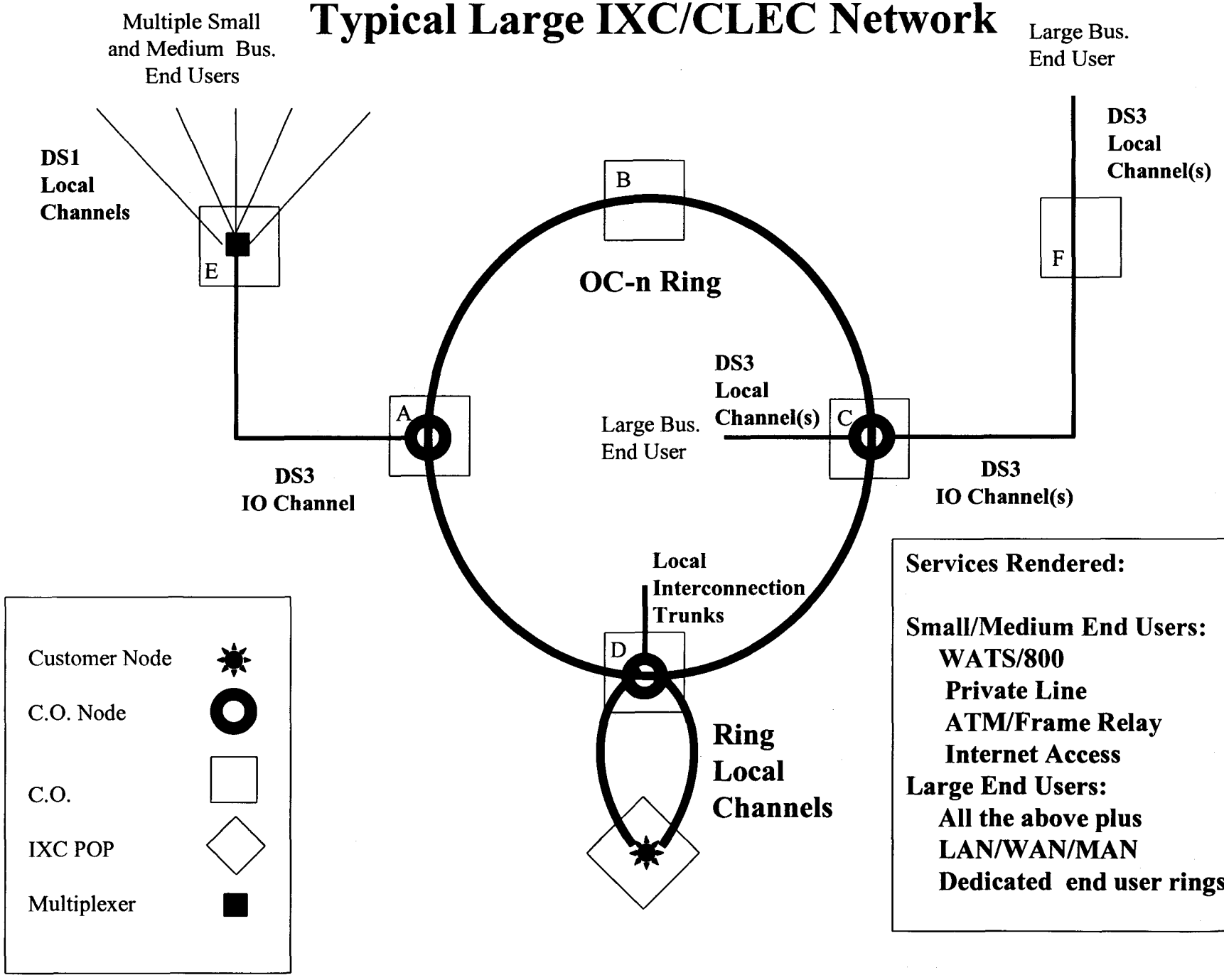
SPA Rates

10 mile circuit End User 1/4 mi. from C.O



UNE Rates

Typical Large IXC/CLEC Network

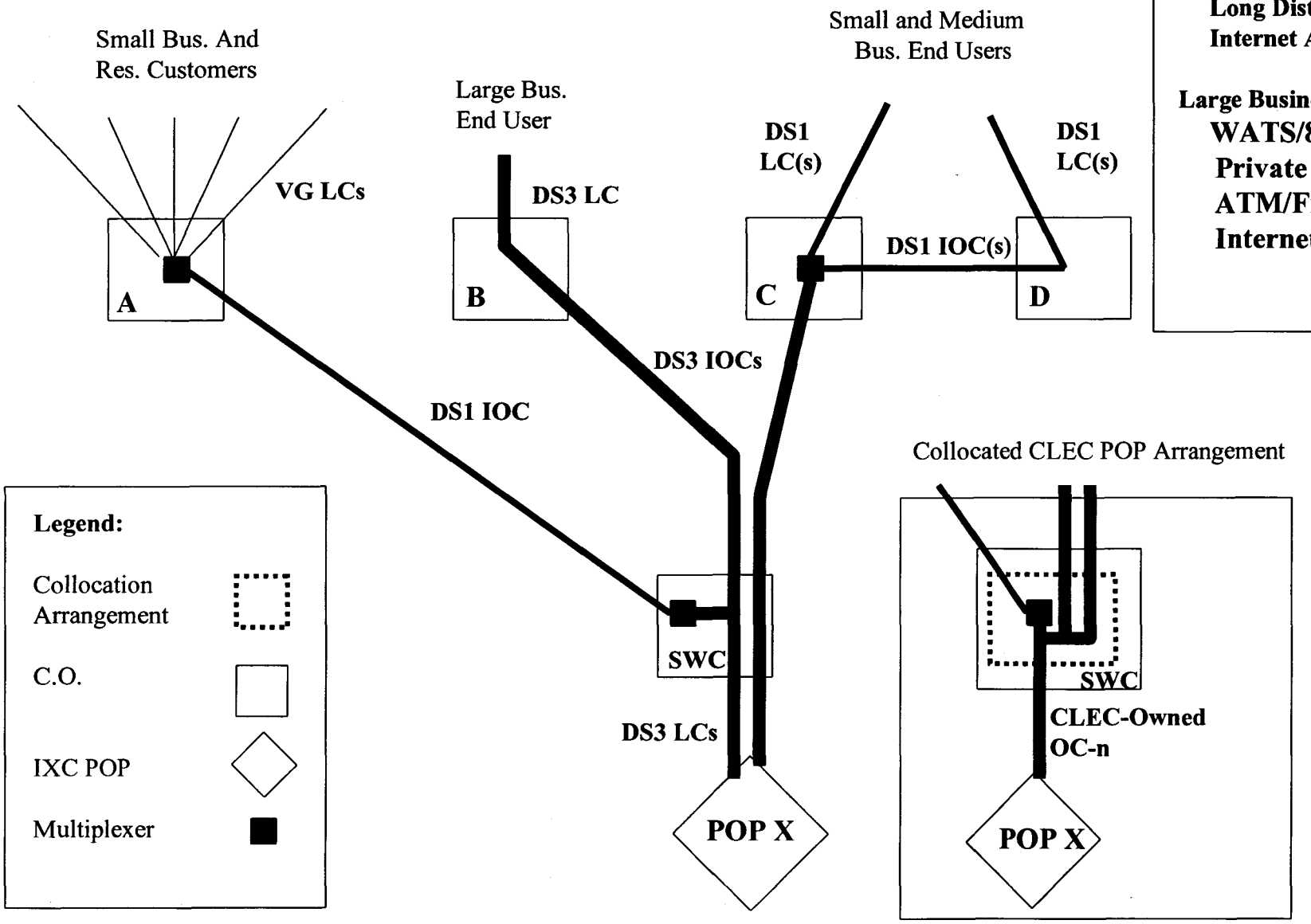


Services Rendered:

Small/Medium End Users:
- **WATS/800**
- **Private Line**
- **ATM/Frame Relay**
- **Internet Access**

Large End Users:
- **All the above plus**
- **LAN/WAN/MAN**
- **Dedicated end user rings**

Typical Small CLEC Network



Services Rendered:

Mass Market:
- **Long Distance**
- **Internet Access**

Large Business:
- **WATS/800**
- **Private Line**
- **ATM/Frame Relay**
- **Internet Access**

Contemplated Restrictions Offer No Relief

Contemplated Tests:

CLEC must have collocation in the LATA

CLEC must have interconnection trunks connecting to ILEC public switched network in LATA

CLEC must be certified by state Public Service Commission as a local exchange carrier

Bottom Line:

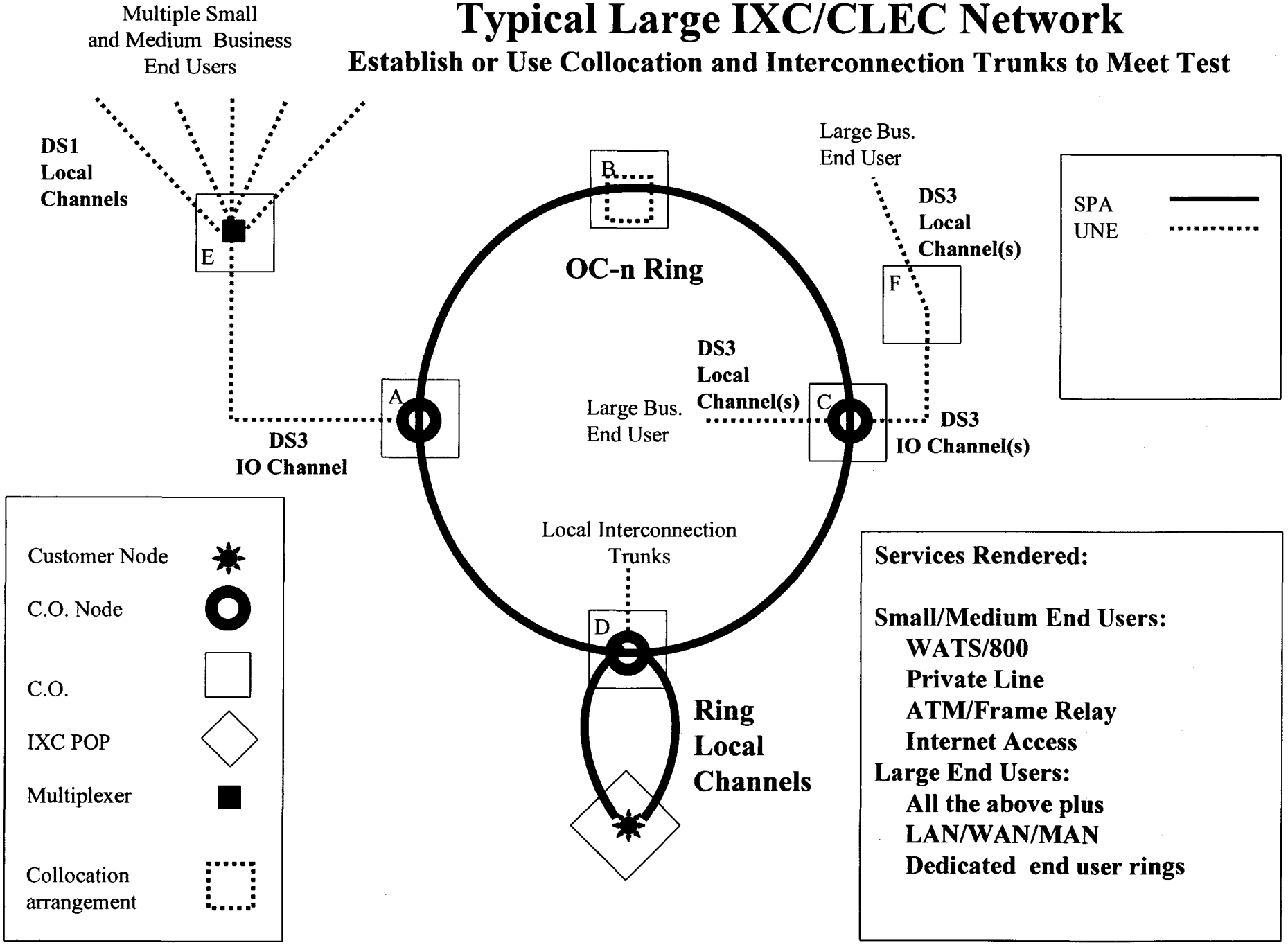
These Tests are too easily attained or could easily be "gamed".

Carriers Already Have Collocation and Interconnection Trunking And Can Easily and Quickly Become Certificated

LATA	STATE	COLLOCATORS WITH FIBER ENTRANCE FACILITIES
Atlanta	GA	157
Southeast	FL	295
Nashville	TN	36
Charlotte	NC	69
Jacksonville	MS	53
Orlando	FL	68
Raleigh	NC	39
New Orleans	LA	30
Memphis	TN	30
Louisville	KY	17
Birmingham	AL	12
Greensboro	NC	28
Greenville	SC	13
Knoxville	TN	15
Columbia	SC	14
Jackson	MS	21
Baton Rouge	LA	16
Charleston	SC	6
Chattanooga	TN	14
Mobile	AL	7
	TOTAL	**940**

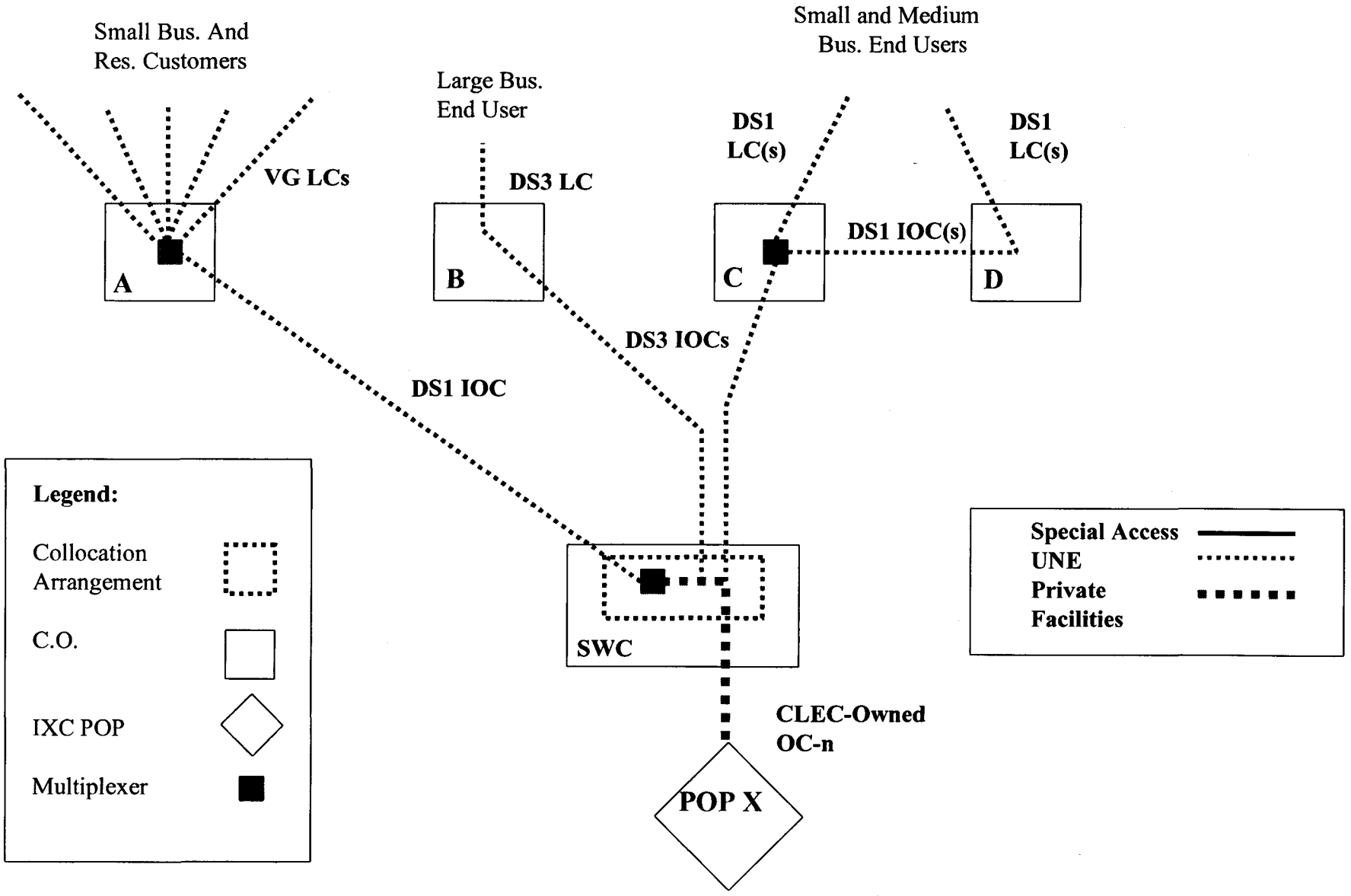
Typical Large IXC/CLEC Network

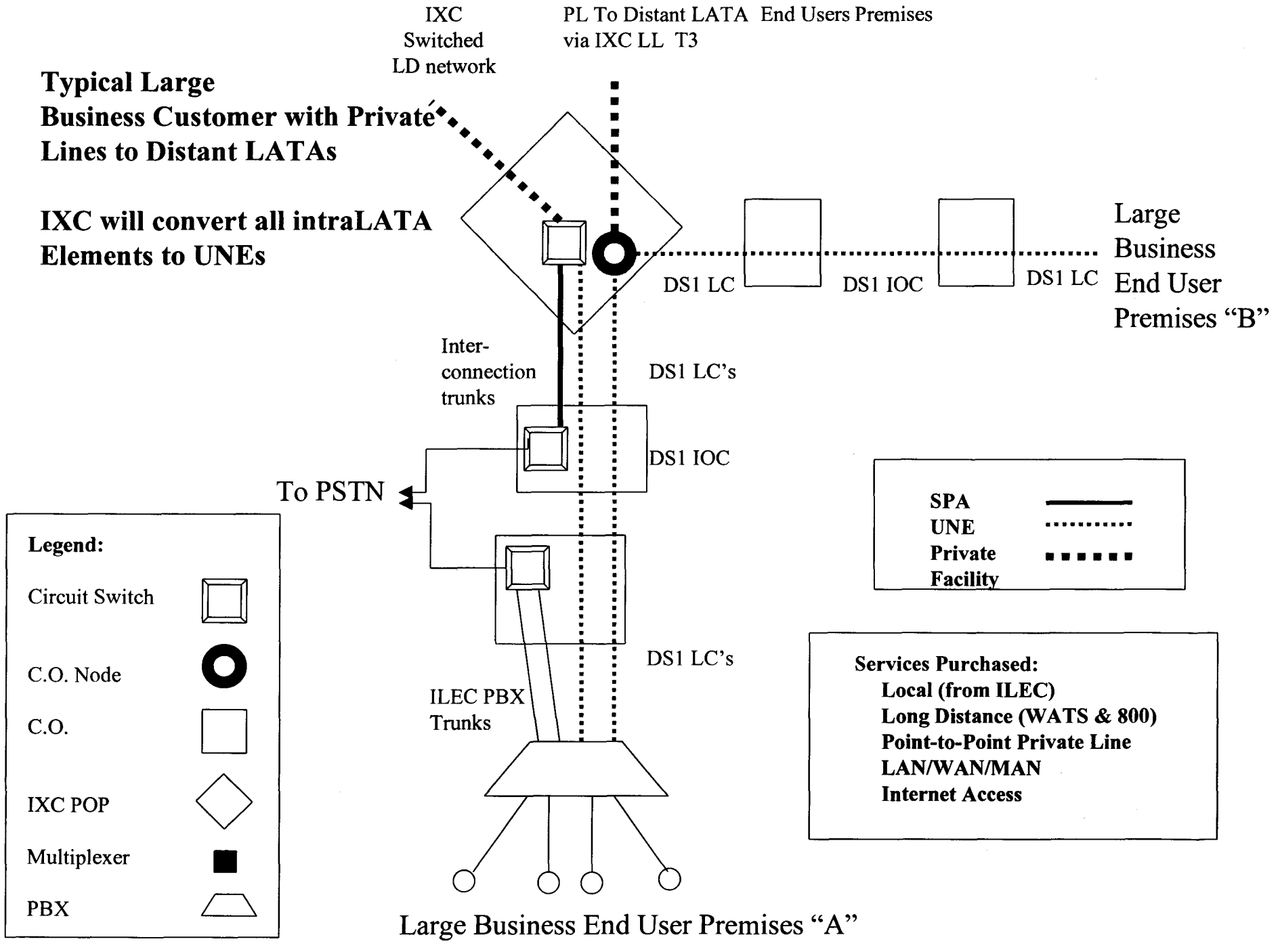
Establish or Use Collocation and Interconnection Trunks to Meet Test



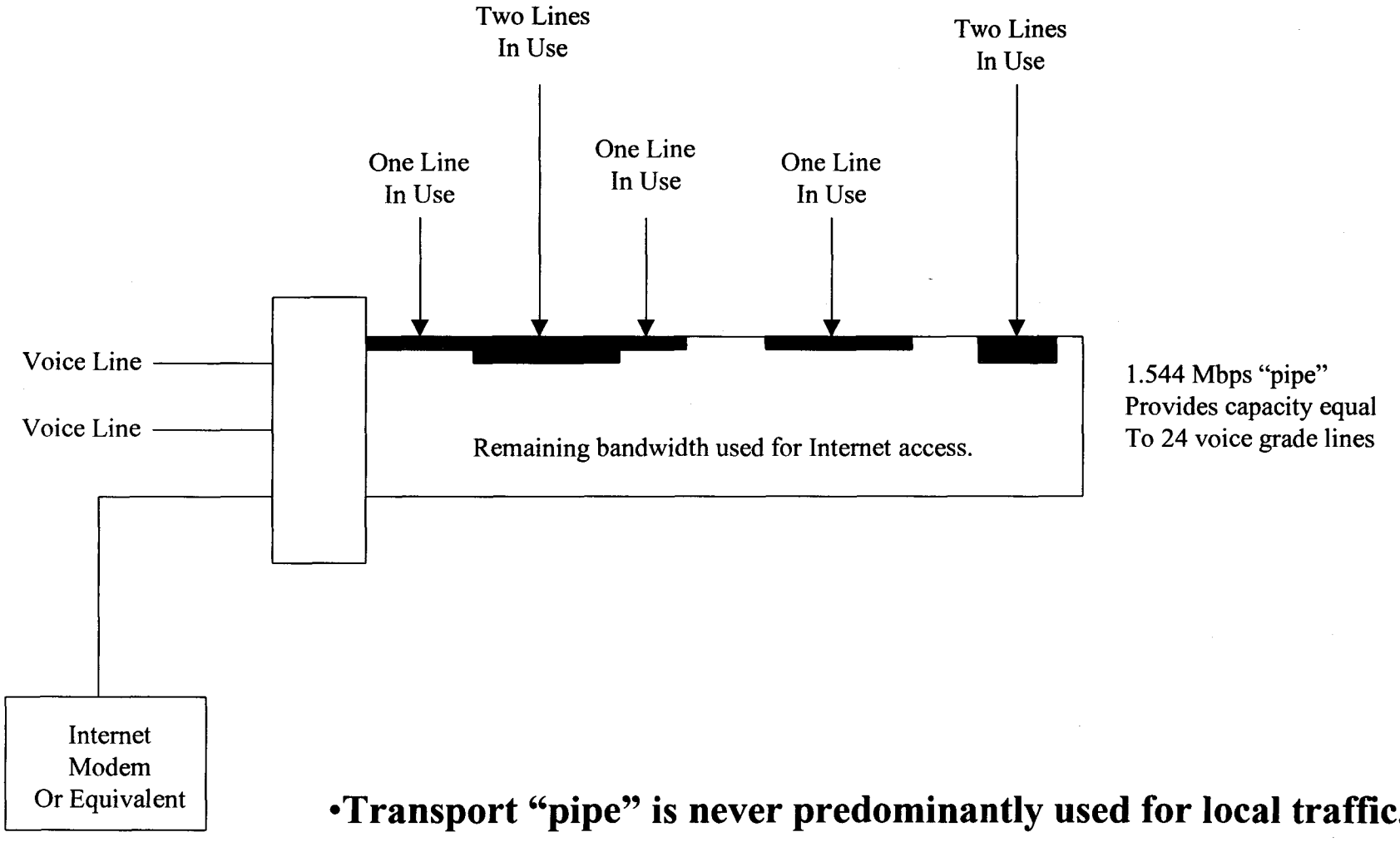
Typical Small CLEC Network

Establish or Use Collocation to Meet Test




IXC
Switched
LD network
PL To Distant LATA End Users Premises
via IXC LL T3
Typical Large
Business Customer with Private
Lines to Distant LATAs
IXC will convert all intraLATA
Elements to UNEs
DS1 LC
DS1 IOC
DS1 LC
Large
Business
End User
Premises "B"
Inter-
connection
trunks
DS1 LC's
DS1 IOC
To PSTN
DS1 LC's
ILEC PBX
Trunks
Large Business End User Premises "A"
Legend:
Circuit Switch
C.O. Node
C.O.
IXC POP
Multiplexer
PBX
SPA
UNE
Private
Facility
Services Purchased:
Local (from ILEC)
Long Distance (WATS & 800)
Point-to-Point Private Line
LAN/WAN/MAN
Internet Access

Typical Small Business End User With Two Voice Lines and Internet Access via Bandwidth Allocation



•Transport "pipe" is never predominantly used for local traffic.
•Effect is even more pronounced for providers that use compression of voice traffic into envelopes of less than 64 Kbps.

Conclusions

Adoption of Proposed Collocation and Interconnection Trunking Tests:

- Gives no weight to lack of impairment as ordered by Supreme and Appeals Court.
- Offers little if any protection from Special Access to UNE conversion "gaming".
- Does not advance goals of increased competition.
- Merely shifts revenue from ILECs, CAPs and CLECs to IXCs.
- Diminishes shareholder value of existing Special Access providers.
- Discourages facilities-based build out and reduces the value of existing ILEC, CLEC andCAP networks.
- Discourages sorely needed investment in telecom equipment market
- Eliminates internal cross-subsidies which support lower residential rates.